

**DEPARTMENT OF ADMINISTRATION
IMPLEMENTATION OF THE RHODE ISLAND STATEWIDE
AUTOMATION INFORMATION LINK
(RI-SAIL)
JULY 2003**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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DEPARTMENT OF ADMINISTRATION
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EXECUTIVE SUMMARY

We have determined that the overall implementation and operation of RI-SAIL has proven to be neither efficient nor effective in spite of the valuable contributions and efforts made by many individuals. Our report will identify weaknesses and focus on actions needed. These weaknesses include project management, a lack of statewide information technology standards, the failure to meet user needs, and the lack of emphasis and assurance that business processes will be updated.

After the weaknesses have been identified, a statewide-integrated financial management system should be implemented, followed by a sound business decision regarding the total implementation of the Oracle software. It is important to stress the concept of changing business practices and policies in order to successfully implement new applications and also to take advantage of opportunities to enhance the efficiencies within the organization.

To properly estimate the cost of fully implementing the Oracle software the following items should be considered: the cost of software, licensing, consultants, and equipment as well as a measurement of all costs to continue the current method of operation based on the BuySpeed software. Although the costs of inefficiency, ineffectiveness, and duplication of efforts are harder to measure, these factors weight heavily against sound business practices and successful program initiatives.

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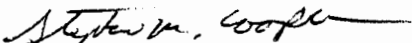
July 31, 2003

Robert J. Higgins, Director
Department of Administration
One Capitol Hill
Providence, RI 02908-2506

Dear Mr. Higgins:

We have completed our performance audit of the Department of Administration, Implementation of the Rhode Island Statewide Automation Information Link (RI-SAIL). Our audit was conducted in accordance with Section 35-7-4 of the Rhode Island General Laws. The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

pc: Jerome Williams, Executive Director/Operations Officer
R. Gary Clark, Executive Director/State Tax Administrator
Lawrence C. Franklin, Jr., State Controller
Peter Corr, Associate Director/Purchasing Agent
Thomas B. Collins, Chief Information Officer

DEPARTMENT OF ADMINISTRATION
IMPLEMENTATION OF THE RHODE ISLAND STATEWIDE AUTOMATION
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INTRODUCTION

Objective, Scope, and Methodology

We have conducted a performance audit of the Department of Administration's implementation of the Rhode Island Statewide Automation Information Link (RI-SAIL). Our objective was to determine the efficiency and effectiveness during the implementation of RI-SAIL.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and was based on standards and guidelines issued by the *Information Systems Audit and Control Association* (ISACA). In addition, we included the Control Objectives for Information and Related Technology (COBIT) to provide a framework from which we conducted our review. Our focus included RI-SAIL's management structure, change management, help desk, user access, and user needs.

The findings and recommendations contained in this report are based on our review of documentation related to RI-SAIL's management objectives, key decisions, and outcomes. We conducted interviews with the management committee, department managers, and end users. We also developed and evaluated a user survey.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond within 60 days to all recommendations in this report. Management's response to the findings and recommendations are included in this report.

Background History

In 1996 the Department of Administration (DOA) retained Deloitte & Touche Consulting Group to review and identify opportunities for increased efficiency and effectiveness in the operation of the state-owned and operated financial system. The report provided DOA with a vision of future system applications to lead the State of Rhode Island into the 21st Century. The strategic plan provided guidelines to assist management in achieving an effective and efficient system.

The findings and recommendations in the Deloitte & Touche report are still relevant today. The report exposed deficiencies in the State's financial reporting systems and provided a vision for the implementation of a statewide financial management information system (FMIS).

The report stressed that the implementation of an efficient and effective administrative system would require functional, technical, and organizational changes. DOA used the report as the basis to move forward and implement FMIS.

In December 1997 the State issued a Request for Proposal (RFP) and solicited bids for an integrated accounting system; three companies responded to the RFP. The evaluation committee recommended that the State award the project to Oracle Corporation on June 10, 1998.

A pilot project involving the implementation of the Oracle Software was launched in November 1998. The pilot project was conducted in two phases -- from November 1998 to June 1999 and from July 1999 to January 2000.

The Division of Purchases raised Year 2000 (Y2K) concerns about the continued functionality of the Automated Purchasing System (APS) since the Oracle software would not be implemented and operating before January 2000. To address this concern the Office of Purchases purchased the Y2K compliant version of the APS software (BuySpeed) in April 1999.

In February 2000, problems associated with the project and direction resulted in Oracle Consulting leaving the project. The project was reassessed to determine how the state would advance without Oracle Consulting. This reevaluation and assessment led to a reconfiguration of the management committee and technical support was provided by outside consultants.

In May 2000 the lead consultant, in conjunction with the Division of Purchases, recommended to the management committee that the Oracle purchase order and accounts payable modules be replaced with BuySpeed. The reasoning behind this decision was the inability of the Oracle purchasing module to meet several fundamental purchasing requirements. The Division of Purchases developed a list that addressed its needs and pointed out the lack of functionality of the Oracle purchasing module for public sector use.

The project continued to slowly move forward until July 2000 at which time the responsibility of the project was transferred from the Office of Library and Information Services (OLIS) to the Office of Accounts and Control. The State Controller was designated as the new project director and the Division of Purchases and the Office of Human Resources were removed from the management committee.

To prevent the project from stalling several options were investigated and evaluated by the management committee to address the lack of functionality in the Oracle purchasing module. The Controller requested that the consultant re-evaluate the option and recommendation of implementing BuySpeed as a temporary solution in place of the Oracle purchasing and accounts payable module. The consultant again recommended that the best course of action was to proceed utilizing BuySpeed. Acting on the advice of the consultant a final decision to implement BuySpeed software in place of the Oracle purchasing and accounts payable modules was made.

In October 2000 the project advanced from a pilot concept to a statewide plan of implementation. The project name was changed from FMIS (Financial Management Information System) to RI-SAIL (Rhode Island Statewide Automation Information Link).

In July 2001 BuySpeed purchasing and accounts payable software was implemented on a statewide basis and was to be utilized for reporting purposes and for generating reports until the Oracle general ledger was operational. The management committee made a decision not to maintain data on the old legacy system.

From the beginning of its inception RI-SAIL has encountered numerous problems, and the BuySpeed software has had functional difficulties throughout leaving the system in a constant state of flux. The State has been working with Periscope, Inc., the developers of BuySpeed, to address and fix flaws contained in the software. A list of needed fixes and functional requirements was developed and an agreement with Periscope, Inc., was reached where they would provide software fixes and enhancements to satisfy these needs. The final BuySpeed improvements and changes to complete the agreement between Periscope, Inc., and the State of Rhode Island were scheduled for December 2002; as of the writing of this report this has not taken place.

The continued system evolution has moved the project away from the original intent of utilizing commercial-off-the shelf (COTS) software. BuySpeed software will continue to evolve until the completion of the agreement with Periscope, Inc. Once the final upgrade to BuySpeed is implemented, the purchasing and accounts payable module will be at its maximum potential. BuySpeed was chosen to act as a temporary solution for circumventing the functional deficiencies of the Oracle purchasing module and was never intended to be a permanent replacement. Additional improvements to the BuySpeed software will require an increase in funding and commitment without the possibility of achieving a fully integrated system.

The lack of system integration and functionality has created a situation whereby various departments and agencies lack the relevant and necessary information to meet minimal reporting requirements. To compensate for the lack of functionality of BuySpeed reporting, OLIS has designed and developed an active server page (ASP) to address the minimal reporting requirements. The ASP presents data extracted from the BuySpeed database and the Oracle general ledger in a format similar to the legacy accounting system.

Development of the RI-SAIL system is continuing at a slow pace and the project is in danger of stalling. Funding for the project has been cut by approximately 75 percent, thereby slowing the implementation of the general ledger module and preventing the implementation of the Oracle human resources module. The lead consultant has been eliminated and outside consulting services continue to be utilized for developing the general ledger. As a result the continued development of the ASP and maintenance of the RI-SAIL system are being performed by OLIS staff -- putting a strain on their scarce resources.

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FINDINGS AND RECOMMENDATIONS

Project Management

The key to a successful project is for management to establish a general project management framework that defines the scope and methodology of the project. The methodology should include allocating responsibilities, breaking down tasks, budgeting time and resources, establishing milestones and checkpoints, and the proper approvals. The framework should provide for participation by the affected user departments and define the responsibilities and authority of all project team members.

RI -SAIL Project Organization

The project organization is defined by the RI-SAIL Management Committee in its May 14, 2002 meeting notes as a:

"Statewide enterprise that supports all state departments in their financial and human resource activities. These activities reflect the policies and directives of the Governor and the Governor's Cabinet. The Director of Administration is the immediate level of authority if the management committee requires an executive level decision. It would be up to the Director of Administration to determine if RI-SAIL issues should be brought to the Governor or his cabinet."

The RI-SAIL Management Committee is defined as:

"An executive level committee to provide guidance and feedback to the project manager and functional team leaders to ensure a successful implementation/operation. Individuals on the committee have on the spot final decision making authority."

The management committee consists of the project director/state controller, project manager, personal administrator, purchasing agent, chief information officer, budget officer, two line department executive/financial staff, and a user group representative.

The management committee has played a critical role in monitoring and supervising the implementation of RI-SAIL. During the course of our review we interviewed committee members and reviewed correspondence and notes from committee meetings. We focused our attention on obtaining an understanding of the committee structure, the decision making process and management's authoritative structure. Our goal was to determine if the committee effectively monitored, measured, and evaluated the performance of the implementation of RI-SAIL.

The management committee lacks the explicit authority to manage the RI-SAIL project that spans departments and agencies on a statewide basis. And the roles and responsibilities of the management committee, project director, project manager, and committee members are not clearly defined.

The RI-SAIL endeavor has proceeded without the foresight and prudence required to successfully implement a project of this magnitude. System development has proceeded on a fragmented basis with individual entities focusing primarily on their own operational objectives and neglecting the needs of other individual users.

RI-SAIL is not only subject to systemic problems within the program design but it is also affected by policies and procedures dictated by either the way Rhode Island government functions or the way its activities are structured. The proper authoritative structure is not in place to allow the management committee to act as the central body in implementing RI-SAIL operational policies and procedures.

Recommendation

1. The Director of Administration should design an organizational structure that allows the management committee, project director, project manager, and support staff to effectively and efficiently manage the implementation and operation of RI-SAIL.

Management's Response: Accepted

Management Committee Structure

The management committee does not have a formal charter. Without a clearly defined organizational structure, it is impossible to define the roles and responsibilities of the individual committee members. The composition of the committee itself can be questioned. The membership of the committee has changed with little regard to a formalized restructuring process. The lack of due process has created an environment where organizational "politics" and "hidden agendas" may have influenced the decision making process at the expense of strategic management decisions.

Management committee meetings are scheduled on a regular basis but are conducted without the aid and guidance of an order of business. This has led to situations where some meetings have become bogged down by focusing on "technical issues" at the expense of addressing organizational issues and managing the project.

The committee does not maintain formal minutes of the meetings. However, we were provided with copies of informal meeting notes that were maintained by the project manager. These notes lacked the necessary detail to clearly portray the events that transpired during the implementation of RI-SAIL. There is no accurate historical record of how decisions were made since the management committee has adopted no formalized voting procedures. In fact, some committee members were unaware or unsure of how some key decisions were made and implemented.

Recommendations

2. The management committee should adopt a formalized charter that clearly delineates its role and responsibilities and those of its members.

Management's Response: Accepted

3. The management committee should conduct meetings following established rules, keep formalized minutes, and adopt voting procedures to ensure that accurate historical records are maintained.

Management's Response: Partially Accepted.

RI-SAIL User Needs

We attempted to determine if the needs of RI-SAIL users are being met. To accomplish this, we interviewed various agency management and staff, reviewed numerous reports and documents, and surveyed users to determine satisfaction. Based on the information we gathered, RI-SAIL is not adequately meeting user needs.

There are several reasons why the user needs are not being adequately met. Some are general and relate to the overall system implementation and others relate directly to the interim solution to use the BuySpeed application instead of the Oracle Financial Suite. Reasons cited include:

- BuySpeed reporting features are not providing the necessary information to users and needs to be supplemented by the financial web site
- BuySpeed is a difficult application and not user-friendly
- Lack of adequate communication with users
- Insufficient emphasis on changing business processes

Survey Evaluation: Due to the lack of e-mail capability of the BuySpeed program we were unable to distribute the survey to all system users to determine their level of user satisfaction. However, we were able to distribute the survey to 549 of the 663 users (approximately 83 percent). We received 110 responses (approximately 20 percent). The survey requested information relating to the user's position, amount of time spent working on RI-SAIL, and afforded users the opportunity to provide positive and negative comments. The survey also contained 10 general statements relate to user satisfaction that could be rated from 1 (strongly disagree) to 5 (strongly agree).

We received twice as many negative comments as positive. Some of the most common responses made by users are listed below:

Negative Responses

- Increase in staff time to perform job duties and functions
- Procedural and system changes make it difficult to understand and use RI-SAIL
- Long and cumbersome account structure
- Errors cannot be easily corrected
- Lack of policies and procedures from the Department of Administration
- Reports present limited and often misleading information
- Information necessary for federal reporting is inadequate
- Not enough training
- Lack of communication
- System is too driven by purchasing
- Increase in the volume of paper generated
- System is hard to navigate with too many windows and screens

Positive Responses

- Financial active server page (ASP) helpful
- Able to retrieve and manipulate files
- Windows based system, graphic interface
- The ability to clone transactions
- Ability to check on status of payments

We summarized the responses to the statements concerning user satisfaction and calculated the overall average and the average by user group. Users were requested to indicate the extent to which they agreed to the 10 general statements about RI-SAIL. A range of five possible choices followed each statement: strongly agree, agree, neutral, disagree, and strongly disagree. Possible scores for each statement ranged from 5 [indicating strongly agree] to 1 [indicating strongly disagree]. Therefore, the closer the average score was to 5 the more strongly the overall group agreed with the statement.

As summarized in the chart below users responses indicated their highest levels of agreement were the need for user manuals and additional training, the helpfulness of the financial statement web site and the ability to perform their jobs. However, the lowest levels of agreement were evidenced in the areas of recovering quickly from mistakes, ease of use, and effectively and efficiently completing work. We also summarized the percentage of total responders that chose "strongly agree" and "agree" with the statements. These results ranged from a high 67 percent for the usefulness of a comprehensive user manual to a low of 15 percent for the ease of recovering quickly from mistakes.

Listed below are the user types for each category and are only sample representations of each group.

User Groups

A - Directors, Administrators, Division, or Unit Chiefs

B - Business Officers, Fiscal Management Officers, Supervising Accountants

C - Fiscal Clerks, Tellers, Secretaries, Administrative Assistants

Calculated Average Survey Responses					
Average Scale Value				Survey Statements	Percent (1)
Overall Average	Group A	Group B	Group C		
4.03	4.67	4.07	3.71	A comprehensive user manual would be very useful	67%
3.19	3.93	3.18	2.91	I am able to perform all aspects of my job requirements with my current level of user access	45%
3.09	3.07	3.3	2.82	Additional training would help me in using RI-SAIL	31%
3.04	2.67	3.17	2.95	I have utilized the RI-SAIL Financial Statements Web site and have been able to get the information I needed	26%
2.87	3.29	2.81	2.83	I have utilized the RI-SAIL Help Desk and my problems were resolved in a timely manner	20%
2.66	2.58	2.61	2.76	I can effectively and efficiently complete my work using RI-SAIL	22%
2.58	2.6	2.57	2.59	I find it easy to locate and retrieve information from RI-SAIL	23%
2.57	2.57	2.57	2.57	The available user materials are easy to understand and implement	16%
2.49	2.33	2.45	2.59	Overall I am satisfied with the ease of use of RI-SAIL	19%
2.3	2.5	2.29	2.24	When I make a mistake using RI-SAIL, I can recover quickly and easily	15%

(1) Represents the percentage of respondents who Strongly Agree and Agree.

Overall, the respondents to this survey have indicated that RI-SAIL is not user friendly and has proven to be a difficult and an unsatisfactory application.

Recent efforts have been made to focus on the system's users by adding the active server page and by creating a users group that has representation on the management committee; this has allowed the project to move in a more positive direction. However, BuySpeed's difficult application and its overall ineffectiveness and inefficiency are of significant concern.

Recommendation

4. Consider conducting surveys frequently to develop or revise policies and procedures and to use as a mechanism for determining user needs and satisfaction.

Management's Response: Partially Accepted.

Business Processes

The project manager has been conducting meetings and giving presentations to afford users an opportunity to evaluate recent upgrades made to Oracle applications. This is a critical step because it involves the needs of the users and informs them of potential future application implementations.

The concept of changing business practices and policies is an important concept and is directly related to the users. It is essential that the users be aware of what applications can and cannot do and the resulting implications for the organization. Business processes in many instances must be changed in concert with new software implementations. This process lends itself to uncovering opportunities to improve efficiencies for the entire organization.

In a separate phase of the project, a team from various state departments and agencies working on the Oracle Human Resources system was adhering to these concepts, analyzing process flows, and looking at current business practices. This group was making significant progress based on a solid plan when unfortunately their portion of the funding was eliminated.

Recommendation

5. The management committee must ensure users are adequately represented and remain active in the evolution process. They should also emphasize the importance of new and changing business processes in conjunction with operations and new applications.

Management's Response: Accepted

Communication

Information relating to the operation of RI-SAIL is not always disseminated in a timely and efficient manner. Changes are made to the system without informing users. Users become aware of these changes when their screens have changed or they can no longer enter data in the same manner. Users are not advised, informed, or trained on how to use the system after these changes have been made. The implementation and operation of RI-SAIL has been negatively affected by the lack of adequate means to communicate with system users. As previously noted, the e-mail program contained within BuySpeed is not operating and providing users with updates, new developments, and guidance for making the system work to its fullest capabilities has proven difficult and ineffective.

Networking

Management created a guru system to keep users up to date with the latest changes and system developments. The gurus are users at the agency level who have volunteered to teach and assist other users with operating BuySpeed. Because the gurus are not being notified of new developments they in turn are unable to assist the individual users. The department-level guru system that was established with the implementation of RI-SAIL has failed.

Help Desk

System users have the option of contacting the RI-SAIL help desk. If the help desk staff is unable to resolve an issue the telephone call is then forwarded to an individual or section that handles that aspect of the operation. Some users bypass the help desk and make direct calls to the individual or section who can assist them. There is no mechanism in place to track the calls received, the types of problems encountered, and how or if problems are resolved.

Recommendations

6. Develop a complete e-mail listing of all RI-SAIL users and implement a mechanism of communication to ensure all users are informed of system developments in a timely and efficient manner.

Management's Response: Accepted

7. Formalize a centralized system to monitor and track problems and the resulting resolution.

Management's Response: Accepted.

User Manual

The Office of Accounts and Control and the Office of Purchases have been providing periodic training sessions and "how to" material on the use of BuySpeed. The lack of a codified user manual has made it difficult for the user to obtain the proper guidance and instructions relating to the operation of the BuySpeed application.

Recommendation

8. Develop a codified user manual to ensure that users are properly informed and instructed in the operation BuySpeed.

Management's Response: Accepted

Information Technology Standards, Policies And Practices

We reviewed on the National Association of State Chief Information Officers (NASCIO) web site to determine the role information technology (IT) plays in other states. NASCIO provided a framework of how other states have incorporated IT in their government operations. We identified 38 states that maintain policies and procedures such as centralized controls for system development, implementation, architecture, project management, procurement, and security. Most states realize the importance of the IT function and have incorporated it at either the department level or as an integral component of their Governor's Office. The chief information officer's (CIO) position is highly placed and has responsibility for project management, support, and oversight.

Ten states also listed the existence of a board or oversight commission similar to Rhode Island's Information Resources Management Board (IRMB). Rhode Island's IRMB was established by Section 29-8-1 of the Rhode Island General Laws. The intent of the board is to develop and implement plans for the effective and efficient use of information technology, computers, telecommunications and related systems throughout the executive branch and participate in discussions of the same planning for all branches of state government. The IRMB has adopted a list of general policies that establish a baseline for further deliberations on the state's information resources and IT management. The *Standard Setting* general policy states in part, "state information resources and tools must be managed using appropriate standards." However the policy does not describe the standards any further. While this and other brief general policies have been developed, Section 42-11-2 (v) of the Rhode Island General Laws gives the powers and duties "to devise, formulate, promulgate, supervise, and control a comprehensive and coordinated statewide information system..." to the Director of Administration.

We have identified two areas of concern that have statewide implications:

1. The lack of comprehensive statewide standards, policies, and procedures covering all aspects of personal computers and computer systems, and
2. The lack of statewide IT oversight of individual departments and agencies.

During the initial implementation of RI-SAIL the Office of Library Information Services (OLIS) was the lead agency until the State Controller assumed the project director's role. We interviewed OLIS personnel and reviewed documentation to understand the role they played in managing the project.

During implementation, project management did not follow the practices of authoritative bodies such as the Information Systems Audit and Control Association, the Institute of Internal Auditors, the United States General Accounting Office, the National Institute of Standards and Technology, or other federal sources. OLIS mentions in its Fiscal Year 2001 Financial Integrity and Accountability Report that RI-SAIL development is occurring "on an ad-hoc basis with little planning and little coordination" with other aspects of the financial system.

RI-SAIL's implementation has proceeded with either minimal or no documented change management; the system is being evolved on a reactionary basis. This is a direct result of a failure to follow acceptable development and implementation standards.

The state needs to prioritize information technology; develop statewide information technology standards, policies, and procedures; and provide management oversight.

Recommendation

9. The Director of Administration, in conjunction with the Information Resources Management Board, should develop comprehensive statewide information technology standards, policies, and procedures.

Management's Response: Partially Accepted.

Oracle Financial Suites

The State purchased the Oracle Financial Suites' software and has maintained the right to upgrade to the current release. Oracle Corporation has specifically designed improvements in the purchasing module in the current release to address critical deficiencies identified in the past by the Office of Purchases. Oracle management is continuing to work with the State to ensure that the critical needs of purchasing have been addressed.

The current contract with Oracle contains a concurrent licensing purchase provision with 1997 pricing levels. This pricing agreement is due to expire in June 2003. The new pricing agreement will not only increase the price of user licenses but the state will no longer have the option of purchasing concurrent licenses. Without the availability of concurrent licenses, the state will have to purchase a license for every user of the system. If the State does not exercise their rights under this agreement the future cost of implementing Oracle software will increase substantially.

The State has reached a critical juncture in the development and implementation of an integrated statewide accounting system, and current funding constraints have further slowed the project. The State will not have an integrated accounting system as long as BuySpeed software continues to function in place of the Oracle accounts payable and purchasing modules.

Recommendation

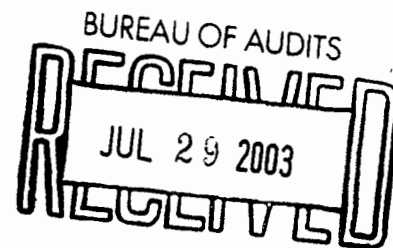
10. The Director of Administration, in conjunction with the Information Resources Management Board, should determine if the State should go forward with the Oracle Financial Suites.

Management's Response: Accepted.



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July 29, 2003

Mr. Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
Department of Administration
One Capitol Hill
Providence, RI 02908

Dear Mr. Cooper:

**Subject: Department of Administration Implementation of the Rhode Island
Statewide Automation Information Link (RI-SAIL)**

As the newly appointed Chief Information Officer, I have begun a review of the RI-SAIL project. As a part of that review, I have read the audit report; and my response is attached. The greatest issue facing the State at this moment is where to go with this program. Apart from some benefits in the procurement area, the State is in no better shape than it was when RI-SAIL was conceived. True, the general ledger was replaced with Oracle. However, the concept of an integrated financial system is no closer to being realized than in 1996 when the Deloitte & Touche report was done.

All the core financial functions, accounts payable, revenue receipts, budgeting, etc., either are performed by the Buy Speed system or pass through it on the way to the Oracle general ledger. The feeder systems, payroll/personnel and cost allocations, are cumbersome to maintain IBM mainframe applications, still operating with the old chart of account codes. Other agency systems feed data to the general ledger via Buy Speed as well. None of the old systems have been converted to the new general ledger chart of accounts, requiring all transactions to go through an account code translation before they can be applied to the general ledger.

None of the benefits of an integrated financial system have been achieved. The State has replaced an old financial system with an albeit newer one, but one that is provided as an afterthought by a small vendor of purchasing software to state and municipal governments. It is certainly not the state-of-the-art system we envisioned implementing with Oracle software. We have limited functionality and are at the mercy

Stephen M. Cooper
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July 29, 2003

of the vendor, in as much as we do not have the source code for the system and must have the vendor make every change and upgrade. A major capability of an integrated system to link summary data to progressively detailed supporting data (know as "drill down") has yet to be achieved, owing to the lack of detailed transaction data flowing to the general ledger.

In the next two months I will be performing an in-depth review of RI-SAIL, reestablishing a vision of what we want to achieve, and the benefits to be realized. I will be working closely with Larry Franklin and Helen Christy, as well as other major stakeholders, about the long-term capabilities of the State's financial system's capability.

Sincerely,

A handwritten signature in black ink, appearing to read "TB Collins".

Thomas B. Collins
Chief Information Officer

c—Robert J. Higgins, Director, DOA, w/attachment
Jerome Williams, Executive Director/Operations Officer, DOA, w/attachment
Lawrence C. Franklin, Jr., State Controller, w/attachment

RI-SAIL Audit Report

Recommendation

1. The Director of Administration should design an organizational structure that allows the management committee, project director, project manager, and support staff to effectively and efficiently manage the implementation and operation of RI-SAIL.

Management's Response: Accepted

The management committee, project manager, and project team members are assigned by the Director, Department of Administration, to direct, plan and execute the RI-SAIL project and to achieve the benefits anticipated.

Recommendation

2. The management committee should adopt a formalized charter that clearly delineates its role and responsibilities and those of its members.

Management's Response: Accepted

(See Attachment "A" to this response—Draft Charter and Roles and Responsibilities for Approval by the Management Committee.)

Recommendation

3. The management committee should conduct meetings following established rules, keep formalized minutes, and adopt voting procedures to ensure that accurate historical records are maintained.

Management's Response: Partially Accepted

The CIO will provide resources to accomplish this task.

Recommendation

4. Consider conducting surveys frequently to develop or revise policies and procedures and to use as a mechanism for determining user needs and satisfaction.

Management's Response: Partially Accepted

User needs would best be determined by participation in planning and design workshops and one-on-one interviews with project team members, rather than through surveys. Periodic surveys of user satisfaction may be suitable for monitoring the success of the project.

Recommendation

5. The management committee must ensure users are adequately represented and remain active in the evolution process. They should also emphasize the importance of new and changing business processes in conjunction with operations and new applications.

Management's Response: Accepted

A representative set of users from all stakeholder areas will be selected as a user subcommittee reporting to the management committee on issues relating to the success of the project and post implementation operations.

Recommendation

6. Develop a complete e-mail listing of all RI-SAIL users and implement a mechanism of communication to ensure all users are informed of system developments in a timely and efficient manner.

Management's Response: Accepted

Recommendation

7. Formalize a centralized system to monitor and track problems and the resulting resolution.

Management's Response: Accepted

A formal system to record issues affecting the successful implementation of the project must be available. Issues will be identified by urgency, issue owner and resolution due date. The project manager will be responsible for monitoring the unresolved issues and for informing the management committee of any issues not resolved in the time frame required.

Recommendation

8. Develop a codified user manual to ensure that users are properly informed and instructed in the operation BuySpeed.

Management's Response: Accepted

No further comment. This has been accepted by the Project Director. Date to be completed should be documented.

Recommendation

9. The Director of Administration, in conjunction with the Information Resources Management Board, should develop comprehensive statewide information technology standards, policies, and procedures.

Management's Response: Partially Accepted

Implementation of this recommendation will be the responsibility of the CIO. Inasmuch as this is a significant undertaking, requiring participation of other departments and agencies, the CIO will concentrate his efforts on those areas most critical to the RI-SAIL project.

Recommendation

10. The Director of Administration, in conjunction with the Information Resource Management Board, should determine if the State should go forward with the Oracle Financial Suites.

Management's Response: Accepted

The CIO, working with the management committee, will develop a statement of benefits for the continued implementation of the system and balance the achievement of these benefits with the costs of alternative ways of completing the implementation of the project.

Attachment "A"

Draft Charter and Roles and Responsibilities for Approval by the Management Committee

RI-SAIL Project Management Committee Charter

- Direct the successful implementation of the RI-SAIL project, including the restructuring of business processes and procedures to deliver efficient and effective operations utilizing the capabilities of the new system.
- Define project goals to be achieved and measurement methods to track the achievement of the benefits.
- Review and approve the project plan as presented by the project manager.
- Monitor the efforts of the project team to accomplish the project plan and take action as needed to resolve issues and remove roadblocks that interfere with the successful completion of the project.
- Review the project status no less than monthly, assess risks and take action to maintain or return the project to the schedule.
- Manage the project scope through a formal scope management policy and procedures.
- Provide direction to the project team and monitor to ensure the goals of the project will be achieved.
- Approve the transition of the project from one phase to the next, ensuring that all steps necessary for a satisfactory transition to the next phase have been completed.
- Assess the efficiency and the effectiveness of the project and system once implemented, taking appropriate steps to resolve any problems found.
- Report to the Director of Administration on a monthly basis, making recommendations for action or requests for decisions in a timely fashion, as they may be required.
- Maintain records of all deliberations and decisions.
- Appoint new members to the management committee with the approval of the Director of Administration. Appoint replacement members in the event of a vacancy on the management committee, or as needed for the effective functioning of the committee.

Roles and responsibilities:

Project Director—Senior executive responsible for the successful implementation of the project and the achievement of the project benefits. Chairman of the management committee.

Management Committee Members—Each member is a representative of his or her department and is accountable for communicating actions required for the successful implementation of the project to his or her organizational head. Responsible for securing necessary personnel from his or her department for the successful implementation of the project. Committee members must also act as representatives of the State and must take a statewide view and place the success of the project above individual departmental perspectives.

Project Manager—The day-to-day leader of the project team and is responsible for the successful implementation of the project within the agreed upon scope and objectives. Establishes the project implementation plan. Responsible for the management of the project team to accomplish tasks required to complete the implementation of the project. Assesses risks to the project and establishes plans to manage the risk elements to mitigate their impact on project performance. Evaluates project status, assess accomplishment of the project tasks, adjusts the project schedule to respond to gains or slippages in accomplishing the project tasks. Monitors and controls project expenditures to remain within the project budget. Provides periodic reports on project status to the project management committee, including a projection of total project expenditures and schedule.

Project Team Members—Representatives from stakeholder organizations that will work with the project manager to accomplish the steps necessary for a successful implementation and achievement of the anticipated benefits. Responsible to the project manager for satisfactorily completing assigned tasks.